

FROM: Markus P. Cicka, J.D., L.L.M. (Health Law)
DATE: February 14, 2012
Re: Recovery Audit Contractor (RAC) Project – Credit Balance Transfer
Review – Hospitals – Commencing February, 2012

Missouri awarded its Recovery Audit Contractor (RAC) Contract to Cognosante, LLC. Under the purview of Cognosante, LLC, Arbor Healthcare has been contracted to perform Credit Balance Transfer Audit services for this contract. The Credit Balance audit process involves reviewing the financial payments made to patient accounts to ascertain the accuracy of the State's reimbursement from the actual claims issued. Reviews/audits will not be conducted for third party liability (TPL) balances residing on patient accounts. The reviews/audits will focus on Medicare duplication of payments or other erroneous errors that do not pertain to TPL that may warrant a credit balance.

Arbor Healthcare's approach to credit balance reviews begins with the Provider Relations staff (PRMs) communicating with the hospitals to schedule onsite audit visits at the billing office locations. The PRMs maintain communications with the hospital directors to ensure continued access to the facility and to enhance or expand the volume of days per month which the Arbor audit staff are allowed to visit the individual hospital facilities. Utilizing the state's 1099 reports, Arbor Health will identify hospitals that generate significant Medicaid claims and should be candidates for credit balance reviews. Arbor Healthcare will work with the state to determine the hospitals to audit and frequency of on-site audits.

The actual Credit Balance audit phase begins by having an onsite field analyst visit each assigned provider location, allowing the analyst access to the providers' complete payment record of each claim, and enabling the analyst to accurately resolve the errors, optimizing recoveries for Missouri Medicaid, and minimizing processing time and costs for payers and providers.

Arbor Healthcare then prepares review documentation that is presented to the Provider at the conclusion of the audit day, which documents the proper actions necessary to resolve the Credit Balance on the particular accounts reviewed by Arbor Healthcare. This review documentation includes "Refund Request" letters for any overpayment refunds that were identified. The Provider reviews the audit findings and has the ability to question the findings prior to the exit of Arbor from the facility.

The State has the ability to review all backup and claim calculations to determine its agreement with the refund rational, as well as the calculated refund value. The State will be able to signify its Approval/Denial via online selection or through downloading of Microsoft-based export files.